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Trump, taxes and markets: Key insights for investors
By Frank Gargano
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The election has come and gone, with advisor predictions for a Kamala Harris victory giving way to Donald Trump's confirmed return to the White House — which many feel will yield better results for the wealth management landscape. Now, professionals are focused on the task of managing investor expectations and guiding clients through the next four years.

One of the looming questions on the horizon is the future of the Tax Cuts and Jobs Act of 2017. Financial Planning's fall election survey of roughly 213 industry experts found that 51% of brokers were worried that not extending the doubled standard deduction past its 2025 expiration date would have a significant impact on their clients.

RIAs not affiliated with broker-dealers and advisors with banks or wirehouses felt the same, with 44% and 39% respectively putting the standard deduction at the top of their list of concerns. Other noteworthy provisions that drew attention included a higher minimum floor of estate value subject to estate tax and limiting deductions for state and local tax payments.

Speaking at an event this month, Anna Taylor, the deputy leader of Deloitte Tax's Tax Policy Group, highlighted the $4.6 trillion estimated cost of refreshing the deduction and other expiring provisions of the TCJA and how that figure excludes other Trump policy promises like eliminating taxes on tips.

Emotions have been running high in the investing space since Nov. 5, as election results compounded with the Federal Reserve's 25-basis-point cut to send many bank stocks soaring. But for others who were unsatisfied with the news of a second Trump term, worries about the future could lead to errant investing decisions.

"I spent most of last week meeting with clients who were in tears, concerned about their safety and the safety of their friends," Jay Zigmont, CEO of Childfree Wealth, an RIA that advises investors without children, said in an interview with FP's Nathan Place. "Many of the discussions focused more on moving either to another state, or another country, rather than portfolios and taxes."

The common thread among the advice offered by Zigmont and other experts that weighed in on what consumers can do to bolster their portfolios and retirement plans could best be categorized as first consult your advisor, then keep calm and carry on.

Scott Clemons, partner and chief investment strategist for Brown Brothers

Harriman in New York, said that "the biggest contribution that an advisor can make to clients in an environment like this is to just slow down their thinking" and "act as a sounding board."

"It is sort of an innate behavioral necessity to look at change and conclude from it that surely we should do something. … One [thing I've done] is talk people off the ledge they may be sitting on, whether the ledge is a ledge of despair or a ledge of euphoria, depending on where they fall along the political spectrum, and simply say the way you invest, your asset allocation, your risk tolerance, your need for liquidity and your need for growth, is not related to who sits in the Oval Office or what party controls Congress," Clemons said.

Curious to learn more about how the markets reacted to the election, and what 2025 could look like? Read on for expert insights surrounding the future of Social Security, Medicare and more.

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Small-cap stocks react to Trump reelection, Fed rate cut
The morning after Trump's victory, and weeks following the Federal Reserve's half-point interest rate cut, market indexes for small to mega-cap stocks recorded significant jumps.

The small-cap Russell 2000 Index rose 5.8%, while both the large-cap Russell 1000 and mega-cap Russell Top 50 indexes each ticked up by 2.7%. Francis Gannon, co-chief investment officer of Royce Investment Partners in New York City, found that the Russell 2000's returns were the 27th highest daily figure since the index debuted in 1978."We not only had a presidential election that saw a Republican wave following a highly contentious campaign season, but just as that news was sinking in, with votes in a few congressional elections not yet fully counted, the markets skyrocketed — with small-caps leading the advance," Gannon wrote.

Read more: What do Trump's reelection, Fed rate cuts mean for small-caps?

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Advisors weigh in on joint impact of Trump win, second Fed rate cut
Between the confirmation of a second Trump term, and a 25-basis-point rate cut from the Federal Reserve, advisors are left wondering what is the best path forward for their client portfolios and the industry at large.

Federal Reserve Chairman Jerome Powell remains entrenched in his role at the organization, as Trump and many of his advisors have called for appointing board members more in step with GOP policy ideals — placing pressure on Powell himself and Vice Chair for Supervision Michael Barr.

"Powell made it clear that he was not intimidated by the return of President

Trump, and will not voluntarily leave his post," Timothy D. Calkins, co-chief investment officer at Nottingham Advisors Asset Management in Buffalo, New York, said in an interview with FP's Rob Burgess. "The Federal Reserve needs to remain independent and free from political influence if our country wants to continue to benefit from the U.S. dollar serving as the free world's reserve currency."

Read more: What Trump's reelection means for portfolios, Fed rate cuts

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Medicare's future under a second Trump administration
More out-of-pocket expenses, higher retirement age and more are on the horizon if Trump is successful in unwinding the last four years of changes to Medicare, experts say.

Under the Inflation Reduction Act of 2022, Medicare recipients benefit from capped out-of-pocket expenses, a ceiling on the price of insulin, free vaccines and other facets of the program. The president-elect's plan to "terminate the Green New Deal" and by extension the IRA would introduce significant complications beyond the health care landscape.

"We've been telling financial advisors they need to make sure that people understand what the potential impact will be, not only for the current retirees, but for future retirees," Ron Mastrogiovanni, president of the cost-projecting software company HealthView Services, said in an interview with FP's Nathan Place.

Read more: What will Trump's return mean for Medicare?

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Stock gains following Trump victory fuel prospect of big bonuses for Wall Street CEOs
Top leaders at Goldman Sachs Group, Carlyle Group, JPMorgan and more are awash in the effect Trump's return is having on the stock market and in turn, their organizations' share prices.

Should the 10% jump in Carlyle's share prices on Nov. 6 hold for another month, CEO Harvey Schwartz will earn another $50 million from his signing bonus. Similar situations are in place for David Solomon, CEO of Goldman Sachs, and Jamie Dimon, chairman and CEO of JPMorgan Chase, who stand to earn similar sums should share performance stay the course.

Many of these incentive programs were put in place during 2021, when the market was witnessing record deal volumes. Now, the election news is helping executives hit key benchmarks.

Read more: Big bonuses likely for Wall Street CEOs after Trump win

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How secure is Social Security?
Trump has been vocal about his opposition to making direct changes or cuts to Social Security benefits, as his campaign website says, "these programs are promises to our seniors, ensuring they can live their golden years with dignity." But other policy decisions could have ripple effects on the program's future.

Nikki Haley and Senator Rick Scott, R-Fla., two prominent Republican party members, have respectively supported raising the retirement age and allowing Social Security to expire without Congress' express renewal every five years. While there's no guarantee Trump is immune to these influences, experts are holding the president-elect to his promises."If I look at what he's been saying … he does not want a reduction in benefits, he does not want to delay the retirement age," Ron Mastrogiovanni, president of the cost-projecting software company HealthView Services, said in an interview with FP's Nathan Place. "I'm not going to dispute that."

Read more: How will Trump's second term impact Social Security?

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The 9 areas of wealth management to change under Trump
Financial advisors have shifted focus from worrying about who would be in the White House next year, to guiding clients through a second Trump term and uncertain market conditions.

The top tips? Looking at past election cycles' impact on investments, hearing out clients' worries and working to assuage any doubts, according to statements by Hannah Moore of Richardson, Texas-based Amplified Planning.

"Between constant political ads, uncomfortable family discussions and a plethora of dire social media posts, election season can be stressful," Moore wrote. "Many people worry about how the results of an election (especially the presidential race) will impact their investments. This anxiety can be even higher for clients who disagree with the outcomes."

Among the nine key areas impacted by the election, artificial intelligence, the Securities and Exchange Commission, the Supreme Court and more areas were all swayed by Trump's victory.

Read more: Donald Trump will shape these 9 areas of wealth management